

CHAPTER 5

SELF ASSESSMENTS

0501 GENERAL

050101. Purpose. This chapter provides detailed guidance on the National Aeronautics and Space Administration's (NASA) financial management internal control program policies, procedures, and responsibilities within the Agency related to conducting self assessments. This process supports the financial management internal control process developed by the Office of Quality Assurance (OQA) in compliance with the [Office of Management and Budget \(OMB\) Circular A-123 "Management's Responsibility for Internal Control"](#) (revised 12/21/04) and Government Accountability Office (GAO) internal control standards.

050102. Checklist and five GAO standards. A critical step in the evaluation of internal controls is the performance of self-assessments. The self assessment checklist is an internal control management and evaluation web-based tool developed in a questionnaire format. The checklist is divided into five sections, based on the five standards for internal control: control environment, risk assessment, control activities, information and communications, and monitoring. Each of the standards is described as follows:

A. Control Environment. Management and employees should establish and maintain an environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management. This environment provides discipline and structure, and influences the quality of internal control.

B. Risk Assessment. Internal control should provide for an assessment of the risks the agency faces from both internal and external sources. Risk assessment is the identification and analysis of relevant risks associated with achieving NASA's objectives.

C. Control Activities. Control activities are the policies, procedures, techniques, and mechanisms that help ensure that agency objectives are met. Control activities occur at all levels and functions of the Agency, and include a wide range of diverse activities such as approvals, authorizations, verifications, reconciliations, and performance reviews.

D. Information and Communications. For NASA to run and control its operations, it must have relevant, reliable, and timely communications relating to both internal and external events. Information shall be recorded and communicated to management and other appropriate individuals that need it in a form and within a time frame that enables them to carry out their internal control and other responsibilities.

E. Monitoring. Internal control should be designed to assure that ongoing monitoring occurs in the course of normal operations. Monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other actions that people take in

performing their activities. Internal control monitoring shall assess the quality of performance of financial management activities over time, and ensure that the findings of external audits and self-assessment activities are resolved promptly. Monitoring shall be performed consistently and be ingrained in the NASA's operations.

050103. Each section of the checklist contains a list of questions to be considered when reviewing internal control as it relates to a particular standard. These questions represent the most important issues addressed by the standard. Specifically, this web-based tool is designed to assist the assessable unit (AU) point of contact in determining how well internal controls perform, how they may be improved, and the degree to which they help identify and address major risks for fraud, waste, abuse, and mismanagement.

0502 REQUIREMENTS

050201. Responsibility. The OQA is responsible for managing the overall self-assessment process. OQA will provide the self-assessment checklist, with instructions, to the Financial Management Internal Control (FMIC) points of contact for the OCFO, Center CFOs, Mission Directorates, Mission Support Offices, the Competency Center, and the NASA Shared Services Center (NSSC). In turn, these organizations will be responsible for assuring that all AU points of contact under their responsibility complete the assessment and that corrective action plans (CAPs) are developed for financial management internal control deficiencies identified.

050202. The OQA must issue the assessment tool to all FMIC points of contact for each organization noted in Section 050201, with the requirement that the AU point of contacts complete the checklist for their organization or function.

050203. Assessment selections. AU points of contacts will be responsible for answering the questions on the checklist web-based tool as fairly and accurately as possible. Each section has a series of questions aimed at establishing a framework for the current internal control mechanisms in place within the AU. The checklist provides the AU point of contact with three possible answers to choose from. The following table describes exactly when each possible answer (YES, NO, Not Applicable) should be selected.

YES	Affirms that the organization/function <u>does</u> have the control in place (exactly as described in the question)
NO	Asserts that the organization/function <u>does not</u> have the control in place
N/A	The control in question does not relate to the organization/function and is therefore, <u>not applicable</u>

For all "NO" answers, the AU point of contact must complete the "Corrective Action Plan" field and provide a CAP implementation date in the corresponding field. This field requires input on the corrective action plan the AU proposes to address the lack of controls. A corrective action plan implementation date must be included for tracking and resolution purposes. This date signals when the corrective action will begin (i.e., corrective action start date). There may be instances in which the AU does not have influence over the internal control

area. In those cases, the AU point of contact should record a response under “Corrective Action Plan” that the AU can not establish the corrective action plan because it is out of their control. This will be a flag to the OQA that resolution must come from another AU.

For all “YES” answers, the AU point of contact must complete the “Comments” field with a description of the specific control that is in place.

There may be rare cases where the AU point of contact can not respond “YES” to the question exactly as stated but does have a control in place that adequately covers the standard. In these situations the AU point of contact should respond with a “NO” and should document the compensating control that is in place in the “Corrective Action Plan” field in the tool.

For all “N/A” answers, the AU point of contact must complete the “Comments” field and document why the control does not apply to the AU.

050204. Submission. The AU points of contact must submit their completed assessments on-line for review and follow-up. The FMIC points of contact are responsible for ensuring that checklists have been completed and submitted for all AUs in their organization. The OQA is responsible for ensuring that corrective action plans have been developed for all “NO” answers. For those cases where an AU has reported a negative response but is unable to record a corrective action plan (because the deficiency is out of the AU’s area of responsibility) the OQA should coordinate with the appropriate AU point of contact to ensure a corrective action plan is established.

050205. Frequency. The self assessment should be completed on a periodic basis, as directed by OQA.